Federal Economic Development Agency for Southern Ontario

2012-13

Report on Plans and Priorities

The Honourable Christian Paradis
Minister of Industry
Minister of State (Agriculture)

The Honourable Gary Goodyear
Minister of State (Science and Technology)
(Federal Economic Development Agency for Southern Ontario)

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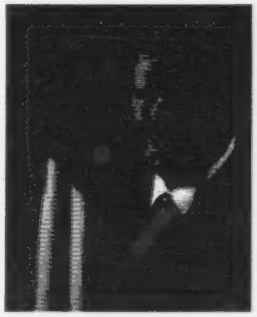
Minister's Message



The Government of Canada is committed to creating the conditions for jobs and economic growth. The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) is an important partner in this vision for returning to prosperity in southern Ontario.

That is why our government will continue to make targeted investments through this Agency. By investing in innovation, business and community development and economic competitiveness and diversification, FedDev Ontario puts into action our government's support for the specific needs of the people of southern Ontario.

In 2012-2013 year, FedDev Ontario will build on its successes to date and represent regional and community interests by continuing to invest in targeted projects across southern Ontario. FedDev Ontario will also work to strengthen existing partnerships while continuing to explore opportunities for new collaborations.

The Agency will remain committed to strengthening its capacity to create jobs and facilitate economic growth—building opportunities for people and businesses is central to guaranteeing Canada's future as a global competitor and ensuring a more prosperous future for all Canadians.

FedDev Ontario will continue to deliver on the next phase of Canada's Economic Action Plan by laying the groundwork for successful economic growth and diversification in southern Ontario.

It is my pleasure to present this year's Report on Plans and Priorities for the Federal Economic Development Agency for Southern Ontario.

The Honourable Christian Paradis
Minister of Industry
Minister of State (Agriculture)

Minister of State's Message

As Minister of State for the Federal Economic Development Agency for Southern Ontario (FedDev Ontario), I am pleased to submit the 2012-2013 Report on Plans and Priorities. The report outlines how FedDev Ontario will work towards making the region's economy more competitive by delivering targeted investments through quality programs.

Since the Agency was formed, it has been helping individuals, communities and businesses position themselves to take advantage of opportunities as the economy prepares to recover in Canada and around the world.

The economy remains the top priority for the Canadian government and FedDev Ontario. The Agency will contribute to this goal in 2012-2013 by enhancing collaboration through programs like the Applied Research and Commercialization initiative. It will promote excellence in innovative programming as demonstrated by the Investing in Business Innovation initiative. It will also optimize its internal processes in order to deliver the best value for Canadians.

Our government remains focused on the individuals who live and work in our vibrant communities and maintaining the quality of living that we are so lucky to have. The next phase of the Economic Action Plan is creating jobs and growth in southern Ontario, so FedDev Ontario is committed to supporting a Southern Ontario Advantage by enabling people, innovators and businesses to work together and move ideas forward.

We will continue to deliver programs that aim to strengthen and diversify the southern Ontario economy, to ensure communities and businesses can innovate and the economy can continue to grow long-term.

The Honourable Gary Goodyear
Minister of State (Science and Technology)
(Federal Economic Development Agency for Southern Ontario)

Section I: Organizational Overview

Raison d'être

The global economic recession had a significant impact in every region of Canada, including southern Ontario. As Canada's most populous region—home to more than 12 million residents living in 288 communities—southern Ontario's economy is a key contributor to the health of the Canadian economy as a whole. As a result, the Government of Canada created the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) with a five-year mandate, in 2009. To fulfill its mandate, FedDev Ontario supports the competitiveness, innovation, and diversification of southern Ontario's economy by: delivering strategic investments to businesses, non-profit organizations and communities; establishing and strengthening collaborative partnerships with key economic stakeholders; and representing the region's interests at the federal and national level.

Responsibilities

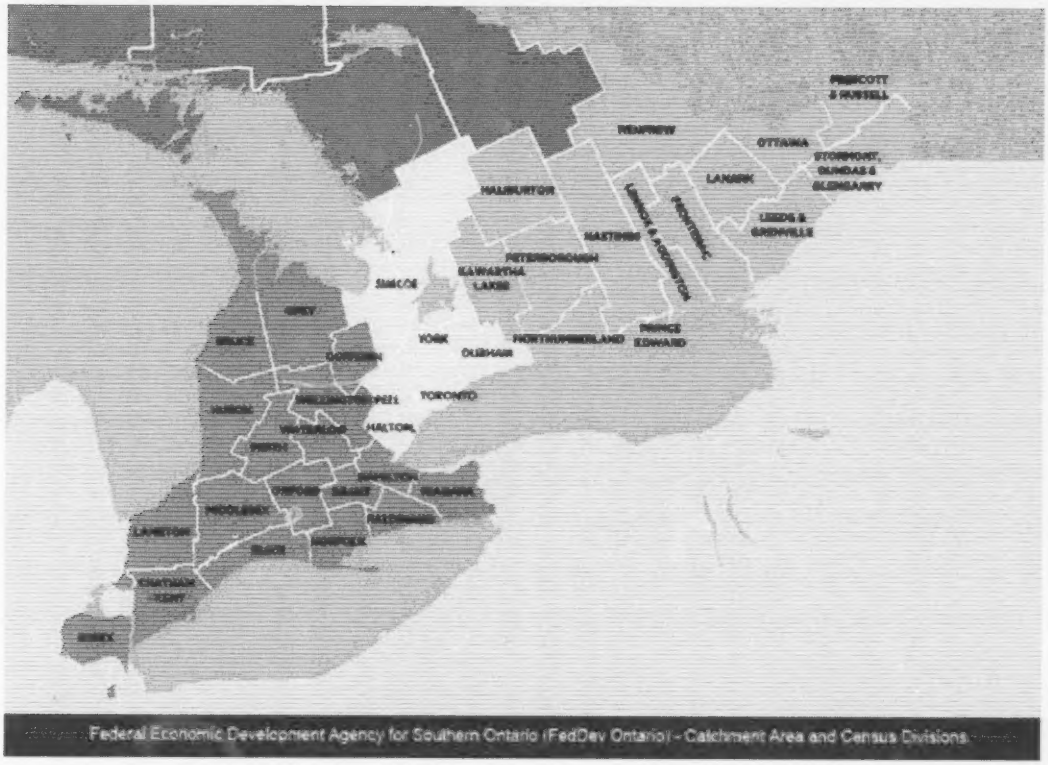
FedDev Ontario is responsible for responding to southern Ontario's economic challenges to help restore the region to a position of prosperity and place southern Ontario as an important driver in building a stronger Canadian economy.

Scope of Operations

FedDev Ontario is headquartered in Kitchener and has offices throughout southern Ontario to support program delivery. Its mandate covers southern Ontario, as defined by the following 37 Statistics Canada census divisions:

- Stormont, Dundas and Glengarry
- Kawartha Lakes
- Niagara
- Middlesex
- Prescott and Russell
- Peterborough
- Haldimand-Norfolk
- Huron
- Ottawa
- Durham
- Brant
- Bruce
- Leeds and Grenville
- York
- Waterloo
- Grey
- Lanark
- Toronto
- Perth
- Simcoe
- Frontenac
- Peel
- Oxford
- Haliburton
- Lennox and Addington
- Dufferin
- Elgin
- Renfrew
- Hastings
- Wellington
- Chatham-Kent
- Prince Edward

- Halton
- Essex
- Northumberland
- Hamilton
- Lambton

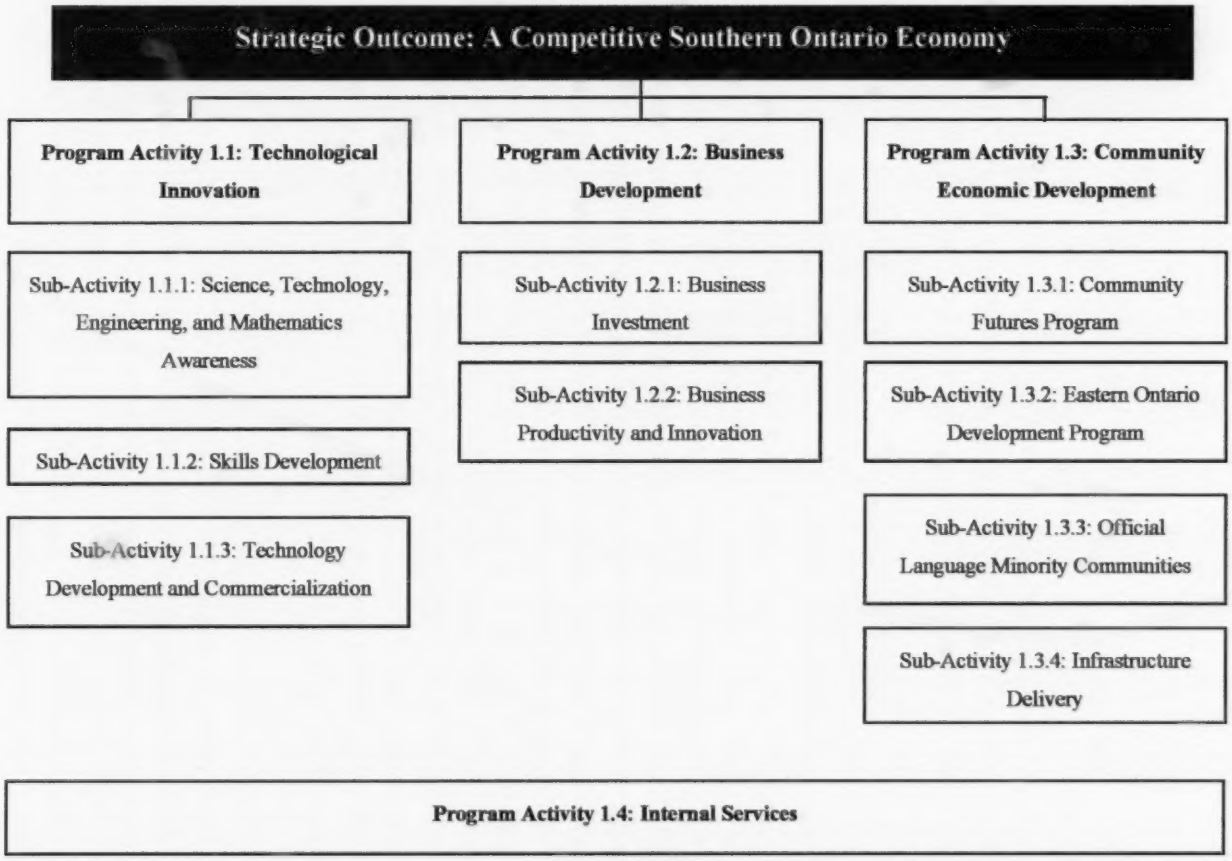


Federal Economic Development Agency for Southern Ontario (FedDev Ontario) - Catchment Area and Census Divisions

According to the 2011 Census, this area has a population of over 12 million, representing 93.5% of Ontario's total population and 35.9% of the total population of Canada.

Strategic Outcome and Program Activity Architecture (PAA)

To support its ongoing mandate and to continue delivering results for Canadians, FedDev Ontario has developed the PAA structure below for 2012-13. The Agency's strategic outcome of a competitive southern Ontario economy will be supported by four program activities: technological innovation; business development; community economic development and internal services to create the conditions for prosperity and provide new opportunities for jobs and economic growth in southern Ontario.


Strategic Outcome: A Competitive Southern Ontario Economy
Program Activity 1.1: Technological Innovation
Program Activity 1.2: Business Development
Program Activity 1.3: Community Economic Development
Sub-Activity 1.1.1: Science, Technology, Engineering, and Mathematics Awareness
Sub-Activity 1.1.2: Skills Development
Sub-Activity 1.1.3: Technology Development and Commercialization
Sub-Activity 1.2.1: Business Investment
Sub-Activity 1.2.2: Business Productivity and Innovation
Sub-Activity 1.3.1: Community Futures Program
Sub-Activity 1.3.2: Eastern Ontario Development Program
Sub-Activity 1.3.3: Official Language Minority Communities
Sub-Activity 1.3.4: Infrastructure Delivery
Program Activity 1.4: Internal Services

Organizational Priorities

In its first years of operation, FedDev Ontario balanced the priorities of delivering national programs within southern Ontario and developing new initiatives to support the creation of a Southern Ontario Advantage. The Agency also focused on developing and strengthening its internal capacity, as well as strengthening relationships with stakeholders across the region.

To continue in this role and take advantage of successes to date, the following priorities have been identified to help guide programming and Agency decision-making.

Priority	Type[1]	Strategic Outcome(s) and/or Program Activity(ies)
Enhancing collaboration and strengthening partnerships	Previously committed to	Program Activity 1.1 – Technological Innovation Program Activity 1.2 – Business Development Program Activity 1.3 – Community Economic Development

Description

Why is this a priority?

- Economic development in southern Ontario is multi-faceted with numerous and diverse parties of interest, so strengthening partnerships with stakeholders across southern Ontario is essential in identifying investment opportunities, leveraging funds, and supporting the Agency's mandate.
- During a period of fiscal restraint, collaboration and pooling of resources are especially important to help develop common economic sectors areas or "clusters" and achieve the most value for Canadians.
- Through these relationships FedDev Ontario will be recognized as a partner in strengthening the innovative sectors of the economy throughout the region and its communities.

1. Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in the reporting year of the RPP or DPR.

Plans for meeting the priority

- Continue outreach with specific stakeholder groups and other potential partners, including other levels of government, the private sector, universities and colleges, the non-profit sector, and residents of southern Ontario.
- Enhance FedDev Ontario's methods for tracking and sharing engagement activities, best practices, success stories and feedback to optimize interaction with future partners.
- Support the development of collaborative ventures and economic clusters across southern Ontario.

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Excellence in Innovative Programming	New	Program Activity 1.1 – Technological Innovation Program Activity 1.2 – Business Development Program Activity 1.3 – Community Economic Development

Description

Why is this a priority?

- FedDev Ontario must ensure that its programs and services are relevant and effective and continue to respond to the economic needs of the region and its communities.
- Quality programming will help attract new businesses and investors while supporting existing businesses to ensure they remain prosperous within southern Ontario.
- The move towards a more innovative economy requires ground-breaking programming that leverages new technologies, modernized business processes and advanced skill sets.

Plans for meeting the priority

- Implement policy frameworks and research plans to help direct Agency programs and priorities.
- Assess the current drivers of economic development and work with stakeholders to determine opportunities to enhance Agency programming.
- Develop and implement performance measurement tools to demonstrate the effectiveness

of FedDev Ontario's efforts to support a competitive southern Ontario.

- Maximize program operations and results through the implementation of performance-based funding agreements.

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Optimizing Processes and Systems	Previously committed to	Program Activity 1.4 – Internal Services

Description

Why is this a priority?

- Building on existing processes will allow the Agency to evolve and better align itself to more effectively serve individuals, communities and businesses within the region.
- In the current period of fiscal restraint, maximizing the efficiency of existing processes and systems is necessary to continue ensuring the best value for Canadians.
- As technological advancements emerge, the Agency has an opportunity to refine and streamline its activities and achieve efficiencies.

Plans for meeting the priority

- Continue to develop and refine internal monitoring and controls to enable a more risk-based approach to service delivery.
- Build on efforts to deploy advanced technologies including a client service management system to support outreach activities with partners.
- Improve coordination across all Agency areas, including those which support strategic decision-making, critical business decisions, and resource allocations.

Risk Analysis

External Risk Analysis

As the economy recovers and the Government of Canada shifts its focus to restoring fiscal balance, FedDev Ontario's operating environment continues to evolve. Canada weathered the global recession better than most other industrialized countries, but continuing uncertainty in the global economy could impact southern Ontario's ability to recover in the short-term.

A volatile dollar, elevated security concerns and the potential for increased protectionism, as well as mounting competition from emerging economies are some of the threats to the region's external operating environment going forward. A further challenge to southern Ontario and its industries is the access to capital required to enhance productivity and bring new products and services to market, which is essential to compete effectively in global markets.

As a result, southern Ontario businesses and entrepreneurs may need to look to collaboration and partnerships as a solution while also adopting new technologies and modernizing processes to take advantage of their capacity to innovate. Strategic decision-making and partnerships with private investors, post-secondary institutions, and government can provide the blueprint for moving away from traditional industries and towards a more innovative economy.

Over the longer-term, a key challenge will also involve building and retaining a workforce that will help to mitigate the risk of a potential skills shortage in southern Ontario. Without a productive, skilled, and available workforce to spur innovation and support competitiveness, the region's ability to drive innovation and bring products to market is at risk and its long-term economic sustainability will be affected.

Internal Risk Analysis

FedDev Ontario has made significant improvements over the last year to further develop its strategic direction and support its priorities through: a comprehensive strategy for stakeholder outreach; a formal approach to risk management; the development of a strategic policy framework; more targeted programming to maximize impacts and the renewing of two programs; and increased grants and contributions commitments.

The key internal risk factors and management challenges affecting FedDev Ontario include: ongoing demand and delivery pressures associated with program operations; the scope, complexity and diversity of programs; the burdens associated with accessing outside expertise

through efficient procurement; and the need for an efficient system for stakeholder relationship management.

FedDev Ontario will work to mitigate these risks by focusing on optimizing its internal systems and processes to enable stronger linkages between the Agency and its stakeholders and support the continuous push for innovative and quality programming. FedDev Ontario is focused on reinforcing its financial management capacity through improvements to financial forecasting and reporting and strengthened internal financial controls. Communicating these changes to all areas of the Agency will be essential to ensuring their effectiveness and will allow for improved performance monitoring and a more strategic reallocation of resources as additional priorities emerge throughout the fiscal year. These efforts will support future decisions regarding Agency priorities and programming that will require reliable and quantifiable data to ensure that resources are being spent appropriately in this current period of fiscal restraint to ensure the best value for Canadians. In addition, the Agency's strategic policy framework will serve to guide FedDev Ontario in evaluating opportunities and in addressing delivery pressures.

Planning Summary

Financial Resources (millions of dollars)[2]

2012–13	2013–14	2014–15
218.8	218.3	15.4

FedDev Ontario's financial resources for 2012-13 and 2013-14 reflect the Agency's anticipated spending for ongoing activities and service delivery until the conclusion of its current mandate. The reduction in financial resources for 2014-15 is due to the sunsetting of major programs and is made up of ongoing contributions and the costs for continued delivery of infrastructure projects, community-based programming and the associated internal support services.

Human Resources (Full-Time Equivalent—FTE)[3]

2012–13	2013–14	2014–15
216	216	--

FedDev Ontario's human resource totals for 2012-13 and 2013-14 above represent the anticipated FTE positions that will be necessary for the Agency to support the achievement of its strategic outcome. At the time of publication the status of program renewals and FTE requirements for 2014-15 and beyond are not yet known.

Strategic Outcome: A competitive southern Ontario economy

Performance Indicators	Targets
Increase in Ontario Gross Domestic Product in comparison to similar economies*	Above average growth rate
Increase in the Ontario employment rate in comparison to similar economies*	Above average employment rate

*Similar economies include: Quebec, New York, Michigan, Pennsylvania, and Massachusetts

2. The reduced financial resource amount for 2014-15 reflects the sunsetting of numerous Agency programs as of March 31, 2014 (further detailed in the supplementary tables in Section III of this report). The status of program renewals is not yet known at the time of this publication.

3. No planned FTEs have been identified for 2014-15 as that period is beyond the Agency's current mandate.

Planning Summary Table

Program Activity	Forecast Spending 2011–12 (millions of dollars)	Planned Spending (millions of dollars)			Alignment to Government of Canada Outcomes
		2012–13	2013–14	2014–15	
Technological Innovation	28.2	51.0	52.1	0.2	An Innovative and Knowledge-Based Economy
Business Development	103.5	118.5	120.9	0.4	Strong Economic Growth
Community Economic Development	69.1	34.5	30.5	13.3	Strong Economic Growth
Total Planned Spending		204.0	203.5	13.9	

Planning Summary Table

Program Activity	Forecast Spending 2011–12 (millions of dollars)	Planned Spending (millions of dollars)		
		2012–13	2013–14	2014–15
Internal Services	18.8	14.8	14.8	1.5
Total Planned Spending		14.8	14.8	1.5

Expenditure Profile

FedDev Ontario's planned spending for 2012-13 reflects the programs and internal services that will be necessary to support the achievement of its strategic outcome. For 2012-13 the Agency anticipates spending $188.9 million in contributions while requiring $29.9 million for operating costs to support program delivery and internal service areas.

The Southern Ontario Advantage (SOA) initiatives, which were launched in 2010-11, are administered through the Southern Ontario Development Program (SODP), which is the vehicle for delivering FedDev Ontario's core contribution budget in 2012-13.

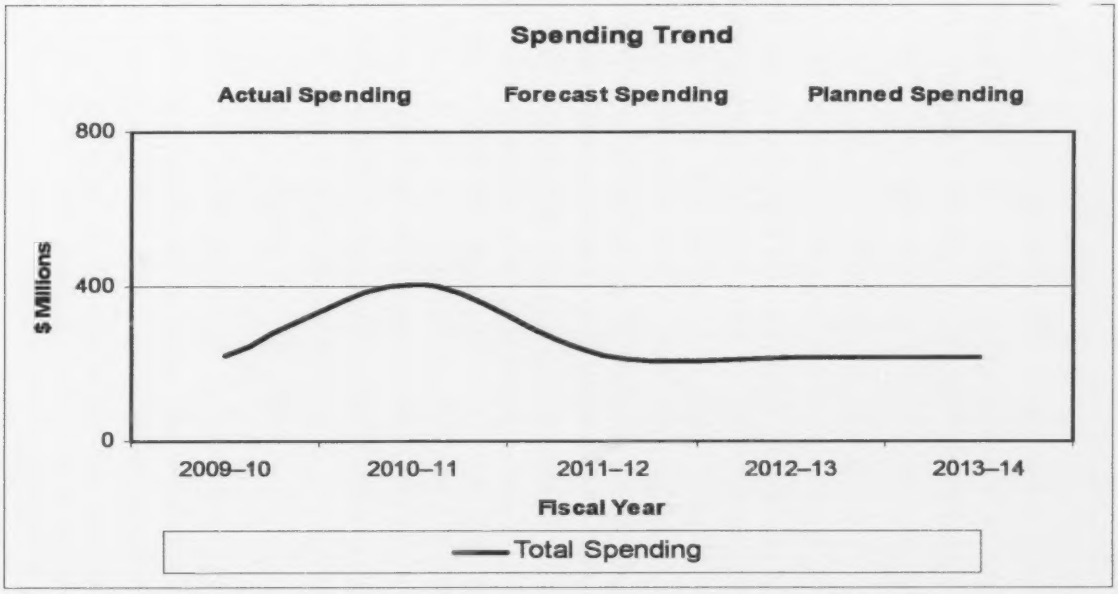
Southern Ontario Advantage Initiatives:

- Applied Research and Commercialization Initiative
- Technology Development Program
- Investing in Business Innovation
- Prosperity Initiative
- Graduate Enterprise Internship
- Scientists and Engineers in Business
- Youth STEM (Science, Technology, Engineering and Mathematics) Initiative

FedDev Ontario will also deliver the Community Futures Program (CFP), the Eastern Ontario Development Program (EODP) and the Economic Development Initiative (EDI) in 2012-13. In addition, the Agency will continue to focus on delivering infrastructure programs on behalf of Infrastructure Canada.

The following graph presents the progression of FedDev Ontario's total spending from its creation in August 2009 to the conclusion of its initial five-year mandate in March 2014. The total spending amounts in 2009-10 and 2010-11 represent funding for FedDev Ontario's ongoing programs as well as initiatives under Canada's Economic Action Plan (EAP). With the close-out of EAP initiatives in 2011-12, FedDev Ontario's forecast and planned spending reflect the core budget in support of its ongoing programs until 2013-14.

FedDev Ontario Spending Trend



Estimates by Vote

For information on our organizational appropriations, please see the 2012–13 Main Estimates publication.

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome

A Competitive Southern Ontario Economy

The global economic recession had a significant impact on all regions of Canada and Ontario in particular. Nonetheless, southern Ontario remains home to a number of competitive advantages, including: a well-educated and diverse population; an excellent network of higher learning institutions; a business-friendly environment; a vibrant small business community; key economic clusters; and close proximity and access to U.S. and international markets.

FedDev Ontario will build on these competitive advantages to help improve the competitiveness of the southern Ontario economy moving forward.

FedDev Ontario will focus its efforts in 2012–2013 on four program activity areas: technological innovation; business development; community economic development; and internal services. Through these program activities the Agency will continue to deliver key programs and services to individuals, businesses, communities, and other key stakeholders across southern Ontario and strengthen its profile as a viable partner in economic development.

Program Activity: Technological Innovation

Program Activity Description

This program activity is intended to support the southern Ontario economy to be more innovative by creating new products, services, processes and/or markets so as to contribute to the region's competitiveness. This will be achieved by: encouraging the region's labour force to be more innovative; focusing on key emerging sectors; and by strengthening linkages between the region's businesses (especially SMEs) and its post-secondary institutions. These are the elements necessary to improve the region's productivity, accelerate growth and maintain and enhance the region's living standards in the context of a global innovative economy. Transfer payments in support of this program are made through a variety of initiatives under the authority of the SODP through the administration of contribution agreements with businesses, not-for-profit organizations, and post-secondary institutions.

Financial Resources (millions of dollars)

2012–13	2013–14	2014–15
51.0	52.1	0.2

Human Resources (Full-Time Equivalent—FTE)

2012–13	2013–14	2014–15
22	22	--*

* FTE requirements for 2014-15 and beyond will be confirmed upon renewal of the Agency's core programming beyond 2013-14.

Program Activity Expected Results	Performance Indicators	Targets
Southern Ontario has a strong innovative economy	Increase in the number of employees in southern Ontario that are considered "highly skilled and qualified personnel" ** ♦	74,300 people
	Increase in the amount of investment in research and development by Ontario businesses	$279 million (2002 constant dollars)

** Data for this indicator is based on the nine economic regions identified by Statistics Canada that make up southern Ontario. These regions align with 37 census divisions identified as part of the Agency's mandate except that the census division of Muskoka is included in one of the nine economic regions.

♦ "highly skilled and qualified personnel" is defined by Statistics Canada as "individuals with university degrees at the bachelors' level and above." (Michael McKenzie (Statistics Canada), "A Profile of Highly Qualified People," Innovation Analysis Bulletin, Vol. 9 No 2, October 9, 2007.

Planning Highlights

This program activity is supported by the three sub-activities below, each of which are made up of distinct initiatives under the SODP that deliver funding through the administration of contribution agreements with businesses, not-for-profit organizations, and post-secondary institutions. Through the open intakes and initiatives detailed below as well as outreach and engagement activities, FedDev Ontario will work to secure the partnerships necessary to achieve the targets of this program activity. Proposals are evaluated based on their alignment with SOA objectives; their potential impact on communities; funds for the proposal that have been leveraged from other sources; and an assessment of risks related to the proposed project.

Science, Technology, Engineering, and Mathematics (STEM) Awareness

The Youth STEM initiative is intended to provide students (from kindergarten to grade 12) with an opportunity to learn and to get excited about STEM studies with the goal that more young people will consider pursuing greater education in this area and ultimately a career in a STEM field. FedDev Ontario will pursue projects with the broadest reach and greatest potential to promote an improved STEM knowledge-base in southern Ontario in an effort to address both current and anticipated skill shortages in STEM-related fields. Priority will also be given to projects that include student exposure to entrepreneurship in support of the continued development of highly qualified personnel and business leaders of the future.

Skills Development

The Graduate Enterprise Internship initiative provides internships with structured mentoring opportunities through outreach with post-secondary institutions to develop the business and management skills of STEM graduate students and recent graduates while enabling SMEs in southern Ontario to benefit from their technical knowledge. Priority will be given to industrial internships that can promote increased productivity while helping to meet future labour/skills shortages.

The Scientists and Engineers in Business initiative is designed to promote the next generation of entrepreneurs by investing in the ideas of graduate students and recent graduates in STEM fields of study and collaborating with them to access the support necessary to bring their innovative ideas to market. Through targeted outreach with regional innovation centres, post-secondary institutions and Community Futures Development Corporations (CFDCs), this program has been enhanced to facilitate entrepreneurship in an innovation-based economy.

Technology Development and Commercialization

Southern Ontario's continued recovery from the economic downturn also depends on the region's technological progress within the global economy. SMEs across southern Ontario need to continue to adapt and adjust by investing in technology, innovation and business strategies geared to the demands of an increasingly competitive marketplace.

Colleges and universities can also help businesses to undertake applied research, technology development, piloting, and demonstration activities that will enable them to compete in an innovative economy. In December 2011, FedDev Ontario expanded its Applied Research and Commercialization pilot initiative to continue to fund collaborative ventures that bring together and leverage the skill sets of various economic players, in order to help bring new ideas to market. The Agency's investments are leveraging private sector funding to ensure that market driven innovation is supported and will result in impacts on jobs, sales, and exports.

While the first phase of the Applied Research and Commercialization (ARC) initiative was successful in encouraging greater collaboration and partnerships between post-secondary institutions with applied research and development expertise and SMEs with pre-commercialization needs across southern Ontario, some areas in the region did not benefit from ARC funding. As part of the extension, post-secondary institutions will be encouraged to target regions of Ontario where they currently do not have SME partners.

The Technology Development Program encourages research-based organizations, the private sector, post-secondary institutions and not-for-profit organizations to work together to accelerate the development of large-scale, advanced technologies that will result in significant new market opportunities for southern Ontario businesses. Private sector funding and partnership for projects supported by this program will ensure job and market impacts in the medium to longer term. The Program will support up to six significant collaborations targeted toward the water, health, information and communication technology and environmental technology sectors.

Benefits for Canadians

Under the first phase of ARC, more than 300 SMEs benefited from a collaborative arrangement with a university or college. With more than 360,000 businesses and 35 universities and colleges, southern Ontario has a distinct advantage in leveraging local knowledge and innovative capacity and supporting economic development. FedDev Ontario recognizes the importance of developing and retaining knowledge and skills and will continue to support strategic collaborations and partnerships between economic players and post-secondary institutions in

southern Ontario. Through the Technological Innovation program activity we will continue to help drive innovation, create new products and services, improve productivity, and develop new markets as we work to improve southern Ontario's productivity, accelerate growth and maintain and enhance the region's living standards in the context of a global innovation-based economy.

Priorities for 2012–2013

- Promote STEM awareness among youth and support STEM-related entrepreneurs and help develop the partnerships that will allow STEM businesses to grow and compete.
- Conduct an evaluation of the first phase of ARC to determine whether and how to best support business-led innovation within SMEs in southern Ontario.
- Support development of collaborative economic ventures, which will expand global market opportunities for southern Ontario businesses.

Program Activity: Business Development

Program Activity Descriptions

This program activity supports the 360,000 businesses (especially SMEs) in southern Ontario in their efforts to drive competitiveness by providing funding to encourage the creation of start-up companies, helping existing businesses to expand and helping companies improve their productivity. Transfer payments in support of this program are made through a variety of Southern Ontario Advantage initiatives under the authority of the SODP through the administration of contribution agreements with businesses, not-for-profit organizations, and post-secondary institutions.

Financial Resources (millions of dollars)

2012–13	2013–14	2014–15
118.5	120.9	0.4

Human Resources (Full-Time Equivalent—FTE)

2012–13	2013–14	2014–15
31	31	--*

* FTE requirements for 2014-15 and beyond will be confirmed upon renewal of the Agency's core programming beyond 2013-14.

Program Activity Expected Results	Performance Indicators	Targets
Southern Ontario businesses are able to respond to future economic challenges	Increase in business investment in machinery and equipment in Ontario	$32,157,000 (annual dollars)
	Increase in real hourly wages in southern Ontario	$0.14 (2002 constant dollars)
	Increase in labour productivity in Ontario businesses	1% (year over year growth)

Planning Highlights

Prior to the economic downturn, low productivity in southern Ontario had been masked by many of the region's competitive advantages. However, the current economic environment has highlighted the need to improve productivity and leverage the wealth of investor groups through strategic partnerships. Through the two sub-activities below, the Investing in Business Innovation and Prosperity initiatives will foster partnerships between angel investor groups and start-up businesses as well as make strategic investments with emphasis on three priority areas: productivity enhancements; regional diversification; and building a competitive advantage.

Business Investment

The Investing in Business Innovation initiative boosts angel and venture capital investment in start-up businesses and accelerates the development and commercialization of new products and ideas.

Stakeholders such as local and regional angel networks, venture capital funds and innovation centres will be engaged to generate the start-up business opportunities and capital investment

required to access funding. Additional support will be provided to eight local angel networks to help them attract more members and raise investment funds for new start-up businesses, which may be matched by the Agency.

Investing in Business Innovation will also support provincial angel investor associations in their efforts to develop online investment tools and attract foreign investors as well as start-up businesses that leverage angel and venture capital investments to develop innovative technologies and products in priority sectors.

Business Productivity and Innovation

Through the Prosperity Initiative, FedDev Ontario will support businesses, not-for-profit organizations and post-secondary institutions in southern Ontario in taking on projects that will result in a more productive, diversified and competitive economy in the region. Through investment in new technologies and industries, this initiative aims to generate long-term economic and employment opportunities for highly qualified personnel in southern Ontario.

SMEs that export or are involved in exporting value chains will be supported to encourage the adoption of information systems, equipment and other technologies and processes that will improve their productivity, enhance their global competitiveness and increase market opportunities. Training support will also be provided to SMEs to increase workforce knowledge and productivity. Competitive advantages for business will be enhanced through strengthening the high performance computing, food processing, bio-product, auto innovation and other clusters in southern Ontario. Opportunities to help regions diversify their economies will be supported by attracting and strengthening new business opportunities in communities that are reliant on one sector.

Benefits for Canadians

As the initiatives under the Business Development program activity support multi-year projects, most of the projects that are underway in 2012-13 will have begun in 2011-12. The Agency will work with key sector organizations to deliver funding to, and enhance the productivity of, SMEs that are adopting new technologies aimed at improving their markets and communities. By promoting partnerships between investors and start-up businesses, the Agency is taking advantage of the entrepreneurial potential of the region and helping to establish successful and innovative businesses that are sustainable long-term. Targeted investments in clusters and businesses in innovative sectors of the economy will result in new opportunities in communities that are having the most difficulty creating jobs.

Priorities for 2012–2013

- Support businesses, not-for-profit organizations and post-secondary institutions that will generate greater productivity, economic diversification and improve the region's overall competitiveness.
- Continue to develop the strategic partnerships between investors and start-up businesses and provide matching funds towards increasing innovation, cluster enhancement and market potential while creating quality jobs in southern Ontario.
- Work with existing partners to provide increased access to capital to support late-stage commercialization in innovation- and technology-based businesses across southern Ontario.

Program Activity: Community Economic Development

Program Activity Descriptions

This program activity supports the 288 communities (small and large, rural and urban, Francophone and Aboriginal) in southern Ontario that are home to 12.4 million residents. These communities are key to enhancing southern Ontario's economic competitiveness and the long-term prosperity of the region. Southern Ontario depends on communities that can attract the best talent and compete for investment as dynamic centres of commerce and learning. Strong communities contribute to a prosperous southern Ontario. Through this program activity, the Agency will continue to support communities and regions throughout southern Ontario to identify local solutions to local challenges and opportunities. Strong, safe and modern communities are essential building blocks for the region's competitiveness and long-term prosperity.

FedDev Ontario will continue to work with others, including Infrastructure Canada, the province of Ontario and communities, to support the infrastructure needs within southern Ontario. Transfer payments in support of this program are made through a variety of initiatives under the authority of the Community Futures Program, the Economic Development Initiative, the Eastern Ontario Development Program and infrastructure programming like the Building Canada Fund. The Agency will support this program activity through the administration of contribution

agreements with businesses, not-for-profit organizations, post-secondary institutions and municipalities.

Financial Resources (millions of dollars)

2012–13	2013–14	2014–15
34.5	30.5	13.3

Human Resources (Full-Time Equivalent—FTE)

2012–13	2013–14	2014–15
38	38	--*

* FTE requirements for 2014-15 and beyond will be confirmed upon renewal of the Agency's core programming beyond 2013-14.

Program Activity Expected Results	Performance Indicators	Targets
Southern Ontario communities have strong economies able to sustain long-term economic development and growth	Number of business in southern Ontario communities that are in "growing" industries♦♦	195,000
	Increase in the southern Ontario employment rate**	0.2%

♦♦ "Growing" industries refers to: aerospace, finance and insurance, information and communication technologies (ICT), pharmaceuticals, and professional services.

** Data for this indicator is based on nine economic regions identified by Statistics Canada that make up southern Ontario. These regions align with 37 census divisions identified as part of the Agency's mandate except that the census division of Muskoka is included in one of the nine economic regions.

Planning Highlights

Collaboration and partnerships are an essential element of this program activity and have been central to the innovative programming below. This programming will target communities experiencing long-term economic challenges and help them to implement new opportunities to create jobs and growth while also supporting the continued delivery of infrastructure programming on behalf of Infrastructure Canada. Support for this program activity's expected results are further detailed in the following four sub-activities.

Community Futures Program

The continued economic uncertainty has had a significant impact on all communities, but rural communities (especially manufacturing-dependent communities) have been particularly affected. Rural southern Ontario continues to face persistent challenges: limited sources of funding for small and medium enterprises consistently lower economic performance; a declining number of available jobs; an aging workforce; and youth out-migration. Research indicates that a region's prosperity is intricately linked to the economic well-being of rural communities, and the Community Futures Program supports strong rural communities.

The Community Futures Program is a national program that provides funding to Community Futures Development Corporations (CFDCs). This funding helps rural communities develop their local economy and long-term sustainability along four business lines: strategic community planning and priorities; community economic development projects; business services; and business loans to SMEs.

To support programming excellence the Community Futures Program is being enhanced to require all 37 CFDC organizations to adopt performance-based funding. Key performance indicators have been developed in cooperation with the CFDCs and will be used to reward measurable results and give individual CFDCs the incentive to maximize operational effectiveness. This will help to ensure support is targeted at organizations that demonstrate excellence in program delivery and provide the greatest results for their clients. Support will be provided as required to help the CFDCs adopt this new approach and further enhance their performance.

Eastern Ontario Development Program

The economic challenges facing rural eastern Ontario have been heightened in recent years by the impact of the global recession and the ongoing structural changes in the manufacturing sector. Facing new economic realities, the region is continuing to undergo adjustments,

restructuring, and related challenges. The EODP helps rural eastern Ontario communities address economic challenges and creates new opportunities in the region.

Renewed in 2011 for three years, the EODP is a targeted economic development initiative aimed at addressing economic challenges in eastern Ontario and creating innovative opportunities. The EODP will lead to a diversified and competitive eastern Ontario economy and contribute to the successful development of businesses and prosperous communities. Program contributions are available to support projects in two key areas: business development and community innovation.

Business development supports projects that will lead to the growth of new and existing businesses within rural eastern Ontario communities. This includes initiatives in areas such as skills development, youth attraction, innovation, and the adoption of information and communications technologies.

Community innovation enables community-led economic development activities that enhance and diversify local economies. This includes projects identified within existing community plans that build on the existing competitive economic advantages to establish or strengthen key economic sectors and retain and expand existing businesses.

Official Language Minority Communities

Francophone communities in southern Ontario are an important component of the region's rich diversity and its economy. As part of the Government of Canada's overall commitment to enhance the vitality of English and French minority communities across Canada, FedDev Ontario will continue to support official language minority communities in southern Ontario through all of its programming, but especially through the Economic Development Initiative (EDI). With respect to EDI, FedDev Ontario will target its efforts in three key areas: support Francophone youth to work in their home communities; provide tailored business counselling to Francophone businesses (especially in the large urban centres); and provide micro loans to Francophone businesses.

The EDI is part of the "Roadmap for Canada's Linguistic Duality 2008–2013: *Acting for the Future*," the Government of Canada's strategy for official languages.

Infrastructure Delivery

Strong, safe and modern communities are essential building blocks for Canada's competitiveness and long-term prosperity.

In 2012–2013, FedDev Ontario will continue to strengthen key partnerships with other federal departments and will work closely with the provincial government, municipalities, First Nations and other stakeholders to support investments in public infrastructure priorities across all of Ontario.

The Agency will deliver key programs in 2012-13 including the Building Canada Fund – Communities Component (BCF-CC), Canada Ontario Municipal Rural Infrastructure Fund (COMRIF), and the Municipal Rural Infrastructure Fund (MRIF) Top-up. In addition, the Agency will wind down programs that have sunset such as the Canada-Ontario Infrastructure Program (COIP) and economic stimulus programs such as the Recreational Infrastructure Canada Program (RInC) and the Building Canada Fund – Communities Component Top-Up (BCF-CC Top-Up).

Benefits for Canadians

Canada is defined by the richness and diversity of its regions. As the country's most populous region, southern Ontario faces unique challenges and opportunities that require regionally-based solutions. The programs within this program activity will target specific communities in distinct areas of southern Ontario that require assistance in developing their local economies to support their long-term sustainability. These targeted economic development initiatives will be supported by the modernization of infrastructure through programming delivered across Ontario in an effort to increase the productivity and competitiveness of businesses in rural, northern, eastern, First Nations and Francophone communities.

Priorities for 2012–2013

- Work with local stakeholders to determine the economic challenges and opportunities that exist within communities/sub-regions throughout southern Ontario. This is especially true through the collaborative projects' component of the Eastern Ontario Development Program.
- Continue to implement program innovations such as the performance-based funding agreements within the Community Futures Program
- Deliver on the Government of Canada's commitment to enhance the vitality of official language minority communities.
- Administer infrastructure programming across Ontario on behalf of Infrastructure Canada and wind down administration of programs that have sunset.

Program Activity: Internal Services

Program Activity Descriptions

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Financial Resources (millions of dollars)

2012–13	2013–14	2014–15
14.8	14.8	1.5

Human Resources (Full-Time Equivalent—FTE)

2012–13	2013–14	2014–15
125	125	--*

* FTE requirements for 2014-15 and beyond will be confirmed upon renewal of the Agency's core programming beyond 2013-14.

Planning Highlights

As FedDev Ontario focuses on delivering results in support of its strategic outcome, it will continue building positive awareness and a strong profile of the Agency throughout southern Ontario. The Agency will ensure it is visible, accessible and accountable to the public it serves and that the responsible use of public funds is communicated to obtain maximum value for taxpayer investments.

Over its first two years, FedDev Ontario has worked to stabilize its internal service capacity. Moving forward, the Agency is committed to optimizing its internal processes and systems and

will look to adopt a more risk-based approach to service delivery to allow for a more strategic use of resources.

This approach to internal service delivery in 2012-13 will include building on existing planning and reporting processes, advancing human resource strategies and expanding audit and evaluation efforts. The Agency will continue to explore and employ specific best practices and expertise from other government departments and agencies and the private sector to improve and streamline its internal service functions while also implementing key Government of Canada internal service renewal initiatives. The implementation of a client service management system will be a key component to assist stakeholder relations to ensure that information and correspondences remain current and accessible across the Agency.

FedDev Ontario will also leverage its recent reorganization to strengthen its capacity for policy development, performance management and stakeholder relations both in 2012-13 and beyond.

Together, these activities will contribute to improvements in overall internal service delivery and ultimately contribute to effective and efficient results for Canadians.

Section III: Supplementary Information

Financial Highlights

Future-Oriented
Condensed Statement of Operations
For the Year (ended March 31)
($ millions)

	$ Change	Future-Oriented 2012-13	Future-Oriented 2011-12
Total Expenses	(37.3)	124.3	161.6
Total Revenues		--	--
Net Cost of Operations	(37.3)	124.3	161.6

Condensed Statement of Financial Position
For the Year (ended March 31)
($ millions)

	$ Change	Future-Oriented 2012-13	Future-Oriented 2011-12
Total assets	60	254.3	194.3
Total liabilities	(23.4)	29.5	52.9
Equity	83.4	224.8	141.4
Total	60	254.3	194.3

Future-Oriented Financial Statements

http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/home

List of Supplementary Information Tables

All electronic supplementary information tables found in the *2012–13 Reports on Plans and Priorities* can be found on the Treasury Board of Canada Secretariat website.

- Details on Transfer Payment Programs;
- Greening Government Operations;
- Sources of Respendable and Non-Respendable Revenue;
- Summary of Capital Spending by Program Activity;
- Upcoming Internal Audits and Evaluations over the next three fiscal years.